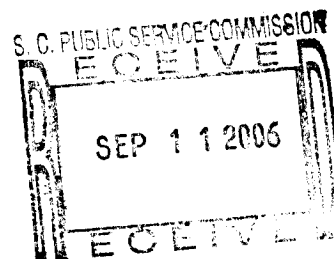




2006-177-G



September 7, 2006

Mr. Charles Terreni  
Chief Clerk and Administrator  
Public Service Commission  
of South Carolina  
Post Office Box 11649  
Columbia, SC 29211

Mr. Dan Arnett  
Chief of Staff  
Office of Regulatory Staff  
of South Carolina  
Post Office Box 11263  
Columbia, SC 29211

Dear Mr. Terreni and Mr. Arnett:

Enclosed please find the Quarterly Report for South Carolina Pipeline Corporation for the period ended June 30, 2006.

dd. Please acknowledge receipt of this filing by date stamping and returning a copy of this letter in the enclosed self-addressed, stamped envelope.

If you have any questions concerning these reports, please do not hesitate to call.

Sincerely,

George Fasano, Jr.  
Senior Vice President, Rates and Regulatory Affairs

cc: Tom Ellison  
John Flitter  
Carey Flynt

Enclosures as indicated

SOUTH CAROLINA PIPELINE CORPORATION  
OPERATING EXPERIENCE - TOTAL GAS OPERATIONS  
12 MONTHS ENDED JUNE 30, 2006

<u>DESCRIPTION</u>	<u>REGULATORY PER BOOKS COL. A</u>	<u>ACCOUNTING &amp; PRO FORMA ADJUSTMENTS COL. B</u>	<u>ADJUSTED OPERATIONS COL. C</u>
Total Revenues	698,733,000		698,733,000
Cost of Gas	(642,221,787)		(642,221,787)
<u>OPERATING MARGINS</u>	<u>56,511,212</u>	<u>1,384,924</u>	<u>57,896,136</u>
<u>OPERATING EXPENSES</u>			
Other O&M Expenses	19,299,174	510,044	19,809,218
Deprec. & Amort. Expenses	6,663,068	302,866	6,965,934
Taxes Other Than Income	5,252,932	143,960	5,396,892
Income Taxes			
State	594,601	23,299	617,900
Federal	6,077,670	154,940	6,232,610
Def. Inc. Taxes (Net)	1,549,696		1,549,696
Invest. Tax Cr. (Net)	(67,500)		(67,500)
Total Operating Expenses	39,369,641	1,135,109	40,504,750
Operating Return	17,141,572	249,815	17,391,387
AFUDC	385,979	(385,979)	0
Total Income For Return	<u>17,527,551</u>	<u>(136,164)</u>	<u>17,391,387</u>
<u>RATE BASE</u>			
Gross Plant in Service	282,908,130	11,798,887	294,707,017
Reserve for Depre.	123,685,028	(143,109)	123,541,919
Net Plant	159,223,102	11,941,996	171,165,098
CWIP	12,079,494	(12,079,494)	0
Materials & Supplies	60,333,676	(1,364,321)	58,969,355
Working Capital	1,733,376	63,756	1,797,132
Net Deferred Debits / Credits	(2,319,037)	0	(2,319,037)
Accumulated Def. Taxes	(30,305,017)		(30,305,017)
Original Cost Rate Base	200,745,595	(1,438,064)	199,307,532
Acquisition Adj.	20,190,037		20,190,037
Total Rate Base	<u>220,935,632</u>	<u>(1,438,064)</u>	<u>219,497,569</u>
 RATE OF RETURN	 7.93%		 7.92%
RETURN ON EQUITY	10.07%		10.05%

SOUTH CAROLINA PIPELINE CORPORATION  
ACCOUNTING & PRO FORMA ADJUSTMENTS - TOTAL  
FOR 12 MONTHS ENDING JUNE 30, 2006

ADJ #	DESCRIPTION	REVENUES	O & M EXPENSES	DEPR & AMORT. EXPENSE	TAXES OTHER THAN INCOME	STATE INCOME TAX @ 5.0%	FEDERAL INCOME TAX @ 35%	PLANT IN SERVICE	CWIP	ACCUM. DEPR.	WORKING CAPITAL	MATERIALS & SUPPLIES
1	ANNUALIZE WAGE INCREASE		510,044		96,940	(30,349)	(201,822)					
2	ADJ DEPRECIATION EXP & RES.			302,866		(15,143)	(100,703)			302,866		
3	ADJ PROPERTY TAXES				47,020	(2,351)	(15,634)					
4	ANNUALIZE INTEREST EXP					1,897	12,612					
5	CWIP CLOSED TO PLANT							12,079,494	(12,079,494)			
6	RETIREMENTS, SAL. & REM. COSTS							(280,607)		(445,975)	63,756	(1,364,321)
7	WORKING CAPITAL @ 1/8											
8	MATERIALS & SUPPLIES											
9	MARGINS - RESALE											
		1,384,924				69,246	480,487					
		1,384,924	510,044	302,866	143,960	23,299	154,940	11,798,887	(12,079,494)	(143,109)	63,756	(1,364,321)

SOUTH CAROLINA PIPELINE CORPORATION  
OPERATING EXPERIENCE - RESALE GAS OPERATIONS  
12 MONTHS ENDED JUNE 30, 2006

<u>DESCRIPTION</u>	<u>REGULATORY PER BOOKS COL. A</u>	<u>ACCOUNTING &amp; PRO FORMA ADJUSTMENTS COL. B</u>	<u>TOTAL ADJUSTED OPERATIONS COL. C</u>
<u>OPERATING MARGINS (1)</u>	<u>20,949,274</u>	<u>1,384,924</u>	<u>22,334,198</u>
<u>OPERATING EXPENSES</u>			
Other O&M Expenses	11,392,717	303,358	11,696,075
Deprec. & Amort. Expenses	4,223,427	201,912	4,425,339
Taxes Other Than Income	3,091,339	91,398	3,182,737
Income Taxes			
State	(274,362)	40,590	(233,772)
Federal	(713,357)	269,924	(443,433)
Def. Inc. Taxes (Net)	937,730		937,730
Invest. Tax Cr. (Net)	(40,845)		(40,845)
Total Operating Expenses	<u>18,616,649</u>	<u>907,182</u>	<u>19,523,831</u>
Operating Return	2,332,624	477,742	2,810,366
AFUDC	<u>233,558</u>	<u>(233,558)</u>	<u>0</u>
Total Income For Return	<u>2,566,183</u>	<u>244,184</u>	<u>2,810,366</u>
<u>RATE BASE</u>			
Gross Plant in Service	181,629,435	7,505,073	189,134,508
Reserve for Depre.	<u>81,181,563</u>	<u>101,705</u>	<u>81,283,268</u>
Net Plant	100,447,871	7,403,368	107,851,239
CWIP	7,683,168	(7,683,168)	0
Materials & Supplies	48,914,457	(1,106,099)	47,808,358
Working Capital	1,155,120	37,920	1,193,040
Net Deferred Debits / Credits	(1,379,289)	0	(1,379,289)
Accumulated Def. Taxes	<u>(19,682,128)</u>		<u>(19,682,128)</u>
Original Cost Rate Base	<u>137,139,200</u>	<u>(1,347,979)</u>	<u>135,791,220</u>
Acquisition Adj.	0		0
Total Rate Base	<u>137,139,200</u>	<u>(1,347,979)</u>	<u>135,791,220</u>
 RATE OF RETURN	 1.87%		 2.07%
RETURN ON EQUITY	-1.46%		-1.08%

(1) Resale operating margins includes Resale Firm Transportation in the amount of \$3,860,914 in COL. A and \$4,586,758 in COL. C.

SOUTH CAROLINA PIPELINE CORPORATION  
ACCOUNTING & PRO FORMA ADJUSTMENTS - RESALE  
FOR 12 MONTHS ENDING JUNE 30, 2006

ADJ. #	DESCRIPTION	REVENUES	O & M EXPENSES	DEPR & AMORT. EXPENSE	TAXES OTHER THAN INCOME	STATE INCOME TAX @ 5.0%	FEDERAL INCOME TAX @ 35%	PLANT IN SERVICE	CWIP	ACCUM. DEPR.	WORKING CAPITAL	MATERIALS & SUPPLIES
1	ANNUALIZE WAGE INCREASE		303,358		57,657	(18,051)	(120,037)					
2	ADJ DEPRECIATION EXP & RES.			201,912		(10,096)	(67,136)			201,912		
3	ADJ PROPERTY TAXES				33,741	(1,687)	(11,219)					
4	ANNUALIZE INTEREST EXP					1,177	7,829					
5	CWIP CLOSED TO PLANT							7,683,168	(7,683,168)	(100,208)	37,920	(1,106,099)
6	RETIREMENTS, SAL. & REM. COSTS							(178,096)				
7	WORKING CAPITAL @ 1/8											
8	MATERIALS & SUPPLIES											
9	MARGINS - RESALE	1,384,924				69,246	460,487					
		<u>1,384,924</u>	<u>303,358</u>	<u>201,912</u>	<u>91,398</u>	<u>40,590</u>	<u>269,924</u>	<u>7,505,073</u>	<u>(7,683,168)</u>	<u>101,705</u>	<u>37,920</u>	<u>(1,106,099)</u>

SOUTH CAROLINA PIPELINE CORPORATION  
OPERATING EXPERIENCE - INDUSTRIAL GAS OPERATIONS  
12 MONTHS ENDED JUNE 30, 2006

<u>DESCRIPTION</u>	<u>REGULATORY PER BOOKS COL. A</u>	<u>ACCOUNTING &amp; PRO FORMA ADJUSTMENTS COL. B</u>	<u>TOTAL ADJUSTED OPERATIONS COL. C</u>
<u>OPERATING MARGINS (1) (2)</u>	<u>35,561,939</u>	<u>0</u>	<u>35,561,939</u>
<u>OPERATING EXPENSES</u>			
Other O&M Expenses	7,906,457	206,686	8,113,143
Deprec. & Amort. Expenses	2,439,641	100,954	2,540,595
Taxes Other Than Income	2,161,593	52,562	2,214,155
Income Taxes			
State	868,962	(17,291)	851,671
Federal	6,791,027	(114,984)	6,676,043
Def. Inc. Taxes (Net)	611,966		611,966
Invest. Tax Cr. (Net)	(26,655)		(26,655)
Total Operating Expenses	<u>20,752,992</u>	<u>227,927</u>	<u>20,980,919</u>
Operating Return	14,808,947	(227,927)	14,581,020
AFUDC	<u>152,421</u>	<u>(152,421)</u>	<u>0</u>
Total Income For Return	<u><u>14,961,368</u></u>	<u><u>(380,348)</u></u>	<u><u>14,581,020</u></u>
<u>RATE BASE</u>			
Gross Plant in Service	101,278,696	4,293,814	105,572,510
Reserve for Depre.	<u>42,503,465</u>	<u>(244,815)</u>	<u>42,258,650</u>
Net Plant	58,775,231	4,538,629	63,313,860
CWIP	4,396,326	(4,396,326)	(0)
Materials & Supplies	11,419,219	(258,222)	11,160,997
Working Capital	578,256	25,836	604,092
Net Deferred Debits / Credits	(939,747)	0	(939,747)
Accumulated Def. Taxes	<u>(10,622,889)</u>		<u>(10,622,889)</u>
Original Cost Rate Base	<u>63,606,396</u>	<u>(90,083)</u>	<u>63,516,313</u>
Acquisition Adj.	20,190,037		20,190,037
Total Rate Base	<u><u>83,796,433</u></u>	<u><u>(90,083)</u></u>	<u><u>83,706,350</u></u>
 RATE OF RETURN	 17.85%		 17.42%
RETURN ON EQUITY	28.94%		28.13%

- (1) Industrial operating margins (COL. A & C) includes transportation revenue of industrial customers served by sale for resale customers in the amount of \$ 675,822.
- (2) Industrial operating margins (COL. A & C) includes firm transportation revenue for a customer currently subject to bankruptcy proceedings.

SOUTH CAROLINA PIPELINE CORPORATION  
ACCOUNTING & PRO FORMA ADJUSTMENTS - INDUSTRIAL  
FOR 12 MONTHS ENDING JUNE 30, 2006

ADJ. #	DESCRIPTION	REVENUES	O & M EXPENSES	DEPRE. & AMORT. EXPENSE	TAXES OTHER THAN INCOME	STATE INCOME TAX @ 5.0%	FEDERAL INCOME TAX @ 35%	PLANT IN SERVICE	CWIP	ACCUM. DEPR.	WORKING CAPITAL	MATERIALS & SUPPLIES
1	ANNUALIZE WAGE INCREASE		206,686		39,283	(12,298)	(81,785)					
2	ADJ DEPRECIATION EXP & RES.			100,954		(5,048)	(33,567)			100,954		
3	ADJ PROPERTY TAXES				13,279	(664)	(4,415)					
4	ANNUALIZE INTEREST EXP					719	4,784					
5	CWIP CLOSED TO PLANT							4,396,326	(4,396,326)			
6	RETIREMENTS, SAL. & REM. COSTS							(102,511)		(345,768)	25,836	(258,222)
7	WORKING CAPITAL @ 1/8											
8	MATERIALS & SUPPLIES											
9	MARGINS - RESALE											
		0	206,686	100,954	52,562	(17,291)	(114,984)	4,293,814	(4,396,326)	(244,815)	25,836	(258,222)

SOUTH CAROLINA PIPELINE CORPORATION  
CAPITALIZATION  
12 MONTHS ENDED JUNE 30, 2006

<u>Total Gas</u>	<u>Capitalization</u>	<u>Ratio</u>	<u>Embedded Cost/Rate</u>	<u>Overall Cost/Rate</u>
	\$	%	%	%
Long Term Debt	110,000,000	47.44	5.56%	2.64
Preferred Stock	0	0.00	0.00	0.00
Common Equity	121,857,560	52.56	10.05%	5.28
Total	<u>231,857,560</u>	<u>100.00</u>		<u>7.92</u>

<u>Sale For Resale</u>	<u>Capitalization</u>	<u>Ratio</u>	<u>Embedded Cost/Rate</u>	<u>Overall Cost/Rate</u>
	\$	%	%	%
Long Term Debt	110,000,000	47.44	5.56%	2.64
Preferred Stock	0	0.00	0.00	0.00
Common Equity	121,857,560	52.56	-1.08%	-0.57
Total	<u>231,857,560</u>	<u>100.00</u>		<u>2.07</u>



EXHIBIT B

SOUTH CAROLINA PIPELINE CORPORATION

Earnings per share are calculated based on average shares outstanding of parent company, SCANA Corporation and Companies, and represents South Carolina Pipeline Corporation's contribution to the parents overall earnings.

	12 Months ended June 30, 2006 \$ 000'S	
Net Income After Div. of Pref. Stock	\$	12,222
Earnings Per Share	\$	0.11
Avg. Number of Shares Outstanding		114,801

SOUTH CAROLINA PIPELINE CORPORATION  
 RATIO OF EARNINGS TO FIXED CHARGES (1)  
 FOR 12 MONTHS ENDING JUNE 30, 2006

Line No.		<u>\$ 000's</u>
1	Earnings	
2	Net Income	\$ 12,222
3	Prov. for Federal & State Income Tax	8,184
4	Total Fixed Charges, as Below	<u>5,219</u>
5	Total Earnings	<u><u>25,625</u></u>
6	Fixed Charges	
7	Interest on Long term debt	6,133
8	Other Interest	\$ (914)
9	Amort. of Debt Prem.- Discount & Exp (Net)	0
10	1/3 Rental Charged to Operating Exp.	<u>0</u>
11	Total Fixed Charges	<u><u>5,219</u></u>
12	Ratio of Earnings to Fixed Charges	4.91
13	(1) SEC Coverage	

## Exhibit D

South Carolina Pipeline Corporation  
Working Capital  
For the Twelve Months Ended June 30, 2006

	<u>Regulatory Per Books</u>	<u>Accounting &amp; Pro Forma Adjustments</u>	<u>Total Adjusted Operations</u>
Total Working Capital:			
Working Cash	2,412,397	63,756	2,476,153
Minimum Bank Balance	892,288	-	892,288
Prepayments	<u>1,927,852</u>	<u>-</u>	<u>1,927,852</u>
Total Investor Advanced Funds	5,232,537	63,756	5,296,293
Less: Customer Deposits	(203,900)	-	(203,900)
Average Tax Accruals	<u>(3,295,261)</u>	<u>-</u>	<u>(3,295,261)</u>
<b>Total Working Capital</b>	<b><u>1,733,376</u></b>	<b><u>63,756</u></b>	<b><u>1,797,132</u></b>
Resale Working Capital:			
Working Cash	1,424,090	37,920	1,462,010
Minimum Bank Balance	572,857	-	572,857
Prepayments	<u>1,237,029</u>	<u>-</u>	<u>1,237,029</u>
Total Investor Advanced Funds	3,233,976	37,920	3,271,896
Less: Customer Deposits	-	-	-
Average Tax Accruals	<u>(2,078,856)</u>	<u>-</u>	<u>(2,078,856)</u>
<b>Working Capital - Resale</b>	<b><u>1,155,120</u></b>	<b><u>37,920</u></b>	<b><u>1,193,040</u></b>
Industrial Working Capital:			
Working Cash	988,307	25,836	1,014,143
Minimum Bank Balance	319,432	-	319,432
Prepayments	<u>690,822</u>	<u>-</u>	<u>690,822</u>
Total Investor Advanced Funds	1,998,561	25,836	2,024,397
Less: Customer Deposits	(203,900)	-	(203,900)
Average Tax Accruals	<u>(1,216,405)</u>	<u>-</u>	<u>(1,216,405)</u>
<b>Working Capital - Industrial</b>	<b><u>578,256</u></b>	<b><u>25,836</u></b>	<b><u>604,092</u></b>

## CERTIFICATION

I, Jimmy E. Addison, state and attest, under penalty of perjury, that the attached Quarterly Report is filed on behalf of South Carolina Pipeline Corporation as required by the Public Service Commission of South Carolina; That I have reviewed said report and, in the exercise of due diligence, have made reasonable inquiry into the accuracy of the information and representations provided therein; and that, to the best of my knowledge, information, and belief, all information contained therein is accurate and true and contains no false, fictitious, fraudulent or misleading statements; that no material information or fact has been knowingly omitted or misstated therein, and that all information contained therein has been prepared and presented in accordance with all applicable South Carolina general statutes, Commission rules and regulations, and applicable Commission Orders. Any violation of this Certification may result in the Commission initiating a formal earnings review proceeding.



\_\_\_\_\_  
Signature of Chief Financial Officer

Jimmy E. Addison

\_\_\_\_\_  
Typed or Printed Name of Person Signing

Sr. Vice President and Chief Financial Officer  
Title

September 5, 2006

\_\_\_\_\_  
Date Signed

Subscribed and Sworn to me on this 5<sup>th</sup> day of September, 2006.

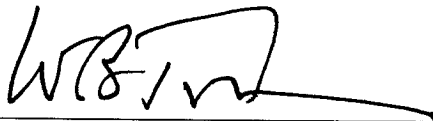


\_\_\_\_\_  
Notary Public **JACQUELYN G. GETTLE**  
Notary Public, South Carolina State at Large  
My Commission Expires May 12, 2007

My Commission Expires: May 12, 2007

## CERTIFICATION

I, William B. Timmerman, state and attest, under penalty of perjury, that the attached Quarterly Report of is filed on behalf of South Carolina Pipeline Corporation as required by the Public Service Commission of South Carolina; That I have reviewed said report and, in the exercise of due diligence, have made reasonable inquiry into the accuracy of the information and representations provided therein; and that, to the best of my knowledge, information, and belief, all information contained therein is accurate and true and contains no false, fictitious, fraudulent or misleading statements; that no material information or fact has been knowingly omitted or misstated therein, and that all information contained therein has been prepared and presented in accordance with all applicable South Carolina general statutes, Commission rules and regulations, and applicable Commission Orders. Any violation of this Certification may result in the Commission initiating a formal earnings review proceeding.



\_\_\_\_\_  
Signature of Chief Executive Officer

William B. Timmerman

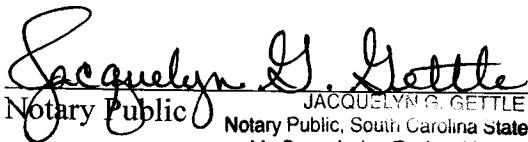
\_\_\_\_\_  
Typed or Printed Name of Person Signing

Chairman of the Board, Chief Executive Officer  
Title

September 5, 2006

\_\_\_\_\_  
Date Signed

Subscribed and Sworn to me on this 5<sup>th</sup> day of September, 2006.



\_\_\_\_\_  
Notary Public JACQUELYN G. GETTLE

Notary Public, South Carolina State at Large  
My Commission Expires May 12, 2007

My Commission Expires: May 12, 2007